

METLIFE INC
Form 10-Q
August 05, 2011

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

Commission file number: 001-15787

MetLife, Inc.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

13-4075851

*(I.R.S. Employer
Identification No.)*

200 Park Avenue, New York, N.Y.
(Address of principal executive offices)

10166-0188
(Zip Code)

(212) 578-2211

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At July 29, 2011, 1,057,493,527 shares of the registrant's common stock, \$0.01 par value per share, were outstanding.

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As used in this Form 10-Q, MetLife, the Company, we, our and us refer to MetLife, Inc., a Delaware corporation incorporated in 1999 (the Holding Company), its subsidiaries and affiliates.

Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, including Management's Discussion and Analysis of Financial Condition and Results of Operations, may contain or incorporate by reference information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements give expectations or forecasts of future events. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as anticipate, estimate, expect, project, intend, plan, believe and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results.

Any or all forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining the actual future results of MetLife, Inc., its subsidiaries and affiliates. These statements are based on current expectations and the current economic environment. They involve a number of risks and uncertainties that are difficult to predict. These statements are not guarantees of future performance. Actual results could differ materially from those expressed or implied in the forward-looking statements. Risks, uncertainties, and other factors that might cause such differences include the risks, uncertainties and other factors identified in MetLife, Inc.'s filings with the U.S. Securities and Exchange Commission (the SEC). These factors include: (1) difficult conditions in the global capital markets; (2) the delay by Congress in raising the statutory debt limit of the U.S.; (3) increased volatility and disruption of the capital and credit markets, which may affect our ability to seek financing or access our credit facilities; (4) uncertainty about the effectiveness of the U.S. government's programs to stabilize the financial system, the imposition of fees relating thereto, or the promulgation of additional regulations; (5) impact of comprehensive financial services regulation reform on us; (6) exposure to financial and capital market risk; (7) changes in general economic conditions, including the performance of financial markets and interest rates, which may affect our ability to raise capital, generate fee income and market-related revenue and finance statutory reserve requirements and may require us to pledge collateral or make payments related to declines in value of specified assets; (8) potential liquidity and other risks resulting from our participation in a securities lending program and other transactions; (9) investment losses and defaults, and changes to investment valuations; (10) impairments of goodwill and realized losses or market value impairments to illiquid assets; (11) defaults on our mortgage loans; (12) the impairment of other financial institutions that could adversely affect our investments or business; (13) our ability to address unforeseen liabilities, asset impairments, loss of key contractual relationships, or rating actions arising from acquisitions or dispositions, including our acquisition of American Life Insurance Company (American Life), a subsidiary of AM Holdings LLC (formerly known as ALICO Holdings LLC) (AM Holdings), and Delaware American Life Insurance Company (DelAm, together with American Life, collectively, ALICO) (the Acquisition) and to successfully integrate and manage the growth of acquired businesses with minimal disruption; (14) uncertainty with respect to the outcome of the closing agreement entered into with the United States Internal Revenue Service in connection with the Acquisition; (15) uncertainty with respect to any incremental tax benefits resulting from the elections made for ALICO and certain of its subsidiaries under Section 338 of the U.S. Internal Revenue Code of 1986, as amended; (16) the dilutive impact on our stockholders resulting from the issuance of equity securities in connection with the Acquisition or otherwise; (17) economic, political, currency and other risks relating to our international operations, including with respect to fluctuations of exchange rates; (18) our primary reliance, as a holding company, on dividends from our subsidiaries to meet debt payment obligations and the applicable regulatory restrictions on the ability of the subsidiaries to pay such dividends; (19) downgrades in our claims paying ability, financial strength or credit ratings; (20) ineffectiveness of risk management policies and procedures; (21) availability and effectiveness of reinsurance or indemnification

arrangements, as well as default or failure of counterparties to perform; (22) discrepancies between actual claims experience and assumptions used in setting prices for our products and establishing the liabilities for our obligations for future policy benefits and claims; (23) catastrophe losses;

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(24) heightened competition, including with respect to pricing, entry of new competitors, consolidation of distributors, the development of new products by new and existing competitors, distribution of amounts available under U.S. government programs, and for personnel; (25) unanticipated changes in industry trends; (26) changes in accounting standards, practices and/or policies; (27) changes in assumptions related to deferred policy acquisition costs, deferred sales inducements, value of business acquired or goodwill; (28) increased expenses relating to pension and postretirement benefit plans, as well as health care and other employee benefits; (29) exposure to losses related to variable annuity guarantee benefits, including from significant and sustained downturns or extreme volatility in equity markets, reduced interest rates, unanticipated policyholder behavior, mortality or longevity, and the adjustment for nonperformance risk; (30) deterioration in the experience of the closed block established in connection with the reorganization of Metropolitan Life Insurance Company; (31) adverse results or other consequences from litigation, arbitration or regulatory investigations; (32) inability to protect our intellectual property rights or claims of infringement of the intellectual property rights of others; (33) discrepancies between actual experience and assumptions used in establishing liabilities related to other contingencies or obligations; (34) regulatory, legislative or tax changes relating to our insurance, banking, international, or other operations that may affect the cost of, or demand for, our products or services, impair our ability to attract and retain talented and experienced management and other employees, or increase the cost or administrative burdens of providing benefits to employees; (35) the effects of business disruption or economic contraction due to terrorism, other hostilities, or natural catastrophes, including any related impact on our disaster recovery systems and management continuity planning which could impair our ability to conduct business effectively; (36) the effectiveness of our programs and practices in avoiding giving our associates incentives to take excessive risks; and (37) other risks and uncertainties described from time to time in MetLife, Inc.'s filings with the SEC.

MetLife, Inc. does not undertake any obligation to publicly correct or update any forward-looking statement if MetLife, Inc. later becomes aware that such statement is not likely to be achieved. Please consult any further disclosures MetLife, Inc. makes on related subjects in reports to the SEC.

Note Regarding Reliance on Statements in Our Contracts

In reviewing the agreements included as exhibits to this Quarterly Report on Form 10-Q, please remember that they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about MetLife, Inc., its subsidiaries or affiliates, or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;

have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;

may apply standards of materiality in a way that is different from what may be viewed as material to investors; and

were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about MetLife, Inc., its subsidiaries and affiliates may be found

elsewhere in this Quarterly Report on Form 10-Q and MetLife, Inc.'s other public filings, which are available without charge through the SEC website at www.sec.gov.

Table of Contents**Part I Financial Information****Item 1. Financial Statements****MetLife, Inc.****Interim Condensed Consolidated Balance Sheets
June 30, 2011 (Unaudited) and December 31, 2010****(In millions, except share and per share data)**

	June 30, 2011	December 31, 2010
Assets		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: \$330,903 and \$317,617, respectively; includes \$3,357 and \$3,330, respectively, relating to variable interest entities)	\$ 341,744	\$ 324,797
Equity securities available-for-sale, at estimated fair value (cost: \$3,128 and \$3,621, respectively)	3,238	3,602
Trading and other securities, at estimated fair value (includes \$560 and \$463, respectively, of actively traded securities; and \$359 and \$387, respectively, relating to variable interest entities)	19,700	18,589
Mortgage loans:		
Held-for-investment, principally at amortized cost (net of valuation allowances of \$566 and \$664, respectively; includes \$6,697 and \$6,840, respectively, at estimated fair value, relating to variable interest entities)	60,819	58,976
Held-for-sale, principally at estimated fair value	2,805	3,321
Mortgage loans, net	63,624	62,297
Policy loans	11,858	11,761
Real estate and real estate joint ventures (includes \$15 and \$10, respectively, relating to variable interest entities)	8,234	8,030
Other limited partnership interests (includes \$331 and \$298, respectively, relating to variable interest entities)	6,453	6,416
Short-term investments, principally at estimated fair value	12,419	9,384
Other invested assets, principally at estimated fair value (includes \$98 and \$104, respectively, relating to variable interest entities)	14,900	15,430
Total investments	482,170	460,306
Cash and cash equivalents, principally at estimated fair value (includes \$65 and \$69, respectively, relating to variable interest entities)	9,628	12,957
Accrued investment income (includes \$34 and \$34, respectively, relating to variable interest entities)	4,341	4,328
	21,070	19,799

Premiums, reinsurance and other receivables (includes \$2 and \$2, respectively, relating to variable interest entities)		
Deferred policy acquisition costs and value of business acquired	28,241	27,092
Goodwill	12,036	11,781
Other assets (includes \$7 and \$6, respectively, relating to variable interest entities)	8,246	8,174
Assets of subsidiaries held-for-sale	3,369	3,331
Separate account assets	202,382	183,138
Total assets	\$ 771,483	\$ 730,906

Liabilities and Equity**Liabilities**

Future policy benefits	\$ 176,353	\$ 170,912
Policyholder account balances	217,597	210,757
Other policy-related balances	15,456	15,750
Policyholder dividends payable	853	830
Policyholder dividend obligation	1,281	876
Payables for collateral under securities loaned and other transactions	30,079	27,272
Bank deposits	10,022	10,316
Short-term debt	102	306
Long-term debt (includes \$6,569 and \$6,902, respectively, at estimated fair value, relating to variable interest entities)	28,269	27,586
Collateral financing arrangements	5,297	5,297
Junior subordinated debt securities	3,192	3,191
Current income tax payable	133	297
Deferred income tax liability	3,764	1,856
Other liabilities (includes \$82 and \$93, respectively, relating to variable interest entities)	19,707	20,366
Liabilities of subsidiaries held-for-sale	3,163	3,043
Separate account liabilities	202,382	183,138
Total liabilities	717,650	681,793

Contingencies, Commitments and Guarantees (Note 8)

Redeemable noncontrolling interests in partially owned consolidated subsidiaries	124	117
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Equity

MetLife, Inc.'s stockholders' equity:

Preferred stock, par value \$0.01 per share; 200,000,000 shares authorized:

Preferred stock, 84,000,000 shares issued and outstanding; \$2,100 aggregate liquidation preference

1 1

Convertible preferred stock, 0 and 6,857,000 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively

Common stock, par value \$0.01 per share; 3,000,000,000 shares authorized;

1,060,584,995 and 989,031,704 shares issued at June 30, 2011 and December 31, 2010, respectively; 1,057,391,108 and 985,837,817 shares outstanding at June 30, 2011 and

December 31, 2010, respectively

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Additional paid-in capital

26,714 26,423

Retained earnings

23,399 21,363

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Treasury stock, at cost; 3,193,887 shares at June 30, 2011 and December 31, 2010	(172)	(172)
Accumulated other comprehensive income (loss)	3,356	1,000
Total MetLife, Inc.'s stockholders' equity	53,309	48,625
Noncontrolling interests	400	371
Total equity	53,709	48,996
Total liabilities and equity	\$ 771,483	\$ 730,906

See accompanying notes to the interim condensed consolidated financial statements.

Table of Contents**MetLife, Inc.****Interim Condensed Consolidated Statements of Operations
For the Three Months and Six Months Ended June 30, 2011 and 2010 (Unaudited)****(In millions, except per share data)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Revenues				
Premiums	\$ 9,294	\$ 6,584	\$ 17,848	\$ 13,372
Universal life and investment-type product policy fees	1,969	1,482	3,858	2,887
Net investment income	5,098	4,061	10,414	8,381
Other revenues	592	544	1,158	1,057
Net investment gains (losses):				
Other-than-temporary impairments on fixed maturity securities	(298)	(244)	(430)	(395)
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)	175	98	184	157
Other net investment gains (losses)	(32)	132	(8)	256
Total net investment gains (losses)	(155)	(14)	(254)	18
Net derivative gains (losses)	352	1,481	37	1,522
Total revenues	17,150	14,138	33,061	27,237
Expenses				
Policyholder benefits and claims	9,119	6,930	17,350	14,394
Interest credited to policyholder account balances	1,442	1,048	3,366	2,190
Policyholder dividends	374	388	746	765
Other expenses	4,495	3,409	8,397	6,341
Total expenses	15,430	11,775	29,859	23,690
Income (loss) from continuing operations before provision for income tax	1,720	2,363	3,202	3,547
Provision for income tax expense (benefit)	519	827	947	1,183
Income (loss) from continuing operations, net of income tax	1,201	1,536	2,255	2,364
Income (loss) from discontinued operations, net of income tax	29	11	(12)	17
Net income (loss)	1,230	1,547	2,243	2,381
Less: Net income (loss) attributable to noncontrolling interests	(7)	(10)		(11)

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Net income (loss) attributable to MetLife, Inc.	1,237	1,557	2,243	2,392
Less: Preferred stock dividends	31	31	61	61
Preferred stock redemption premium			146	
Net income (loss) available to MetLife, Inc. s common shareholders	\$ 1,206	\$ 1,526	\$ 2,036	\$ 2,331
Income (loss) from continuing operations, net of income tax, available to MetLife, Inc. s common shareholders per common share:				
Basic	\$ 1.11	\$ 1.84	\$ 1.93	\$ 2.81
Diluted	\$ 1.10	\$ 1.83	\$ 1.91	\$ 2.79
Net income (loss) available to MetLife, Inc. s common shareholders per common share:				
Basic	\$ 1.14	\$ 1.85	\$ 1.92	\$ 2.83
Diluted	\$ 1.13	\$ 1.84	\$ 1.90	\$ 2.81

See accompanying notes to the interim condensed consolidated financial statements.

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MetLife, Inc.

Interim Condensed Consolidated Statements of Equity (Continued)
For the Six Months Ended June 30, 2010 (Unaudited)

(In millions)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock at Cost	Accumulated Other Comprehensive Income (Loss)				Total MetLife, Inc.'s Stockholders' Equity	Noncontrolling Interests
						Net Investment Gains (Losses)	Other-Than- Temporary Impairment	Currency Translation Adjustment	Defined Benefit Plans Adjustment		
December 31,	\$ 1	\$ 8	\$ 16,859	\$ 19,501	\$ (190)	\$ (817)	\$ (513)	\$ (183)	\$ (1,545)	\$ 33,121	\$ 377
Effect of accounting change of income tax				(12)		31	11			30	
January 1, 2010	1	8	16,859	19,489	(190)	(786)	(502)	(183)	(1,545)	33,151	377
Compensation on preferred			37		18					55	
Equity of noncontrolling interests				(61)						(61)	(18)
Comprehensive income (loss)				2,392						2,392	(11)
Investment gains (losses) on instruments, net of tax						435				435	
Investment (losses), net of tax and income						3,469	16			3,485	
Currency translation adjustments, net of income								(151)		(151)	1
Defined benefit plans net of income									69	69	

Comprehensive)											3,838	1
ive income											6,230	(10)
une 30, 2010	\$ 1	\$ 8	\$ 16,896	\$ 21,820	\$ (172)	\$ 3,118	\$ (486)	\$ (334)	\$ (1,476)	\$ 39,375	\$ 349	

See accompanying notes to the interim condensed consolidated financial statements.

Table of Contents**MetLife, Inc.****Interim Condensed Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2011 and 2010 (Unaudited)****(In millions)**

	Six Months Ended June 30,	
	2011	2010
Net cash provided by operating activities	\$ 6,793	\$ 3,928
Cash flows from investing activities		
Sales, maturities and repayments of:		
Fixed maturity securities	54,958	38,035
Equity securities	1,027	690
Mortgage loans	5,152	2,715
Real estate and real estate joint ventures	268	87
Other limited partnership interests	676	251
Purchases of:		
Fixed maturity securities	(66,861)	(47,014)
Equity securities	(489)	(364)
Mortgage loans	(6,686)	(2,878)
Real estate and real estate joint ventures	(417)	(305)
Other limited partnership interests	(576)	(452)
Cash received in connection with freestanding derivatives	1,470	986
Cash paid in connection with freestanding derivatives	(2,632)	(1,077)
Sale of interest in joint venture	269	
Net change in policy loans	(77)	(119)
Net change in short-term investments	(2,896)	(1,334)
Net change in other invested assets	(6)	754
Other, net	(78)	(95)
Net cash used in investing activities	(16,898)	(10,120)
Cash flows from financing activities		
Policyholder account balances:		
Deposits	44,671	34,213
Withdrawals	(40,842)	(32,390)
Net change in payables for collateral under securities loaned and other transactions	2,807	5,576
Net change in bank deposits	(341)	(497)
Net change in short-term debt	(204)	(33)
Long-term debt issued	1,221	678
Long-term debt repaid	(715)	(511)
Cash received in connection with collateral financing arrangements	100	

Debt issuance costs	(1)	(1)
Common stock issued, net of issuance costs	2,950	
Stock options exercised	73	26
Redemption of convertible preferred stock	(2,805)	
Preferred stock redemption premium	(146)	
Dividends on preferred stock	(61)	(61)
Other, net	(121)	(139)
Net cash provided by financing activities	6,586	6,861
Effect of change in foreign currency exchange rates on cash and cash equivalents balances	146	(79)
Change in cash and cash equivalents	(3,373)	590
Cash and cash equivalents, beginning of period	13,046	10,112
Cash and cash equivalents, end of period	\$ 9,673	\$ 10,702
Cash and cash equivalents, subsidiaries held-for-sale, beginning of period	\$ 89	\$ 88
Cash and cash equivalents, subsidiaries held-for-sale, end of period	\$ 45	\$ 38
Cash and cash equivalents, from continuing operations, beginning of period	\$ 12,957	\$ 10,024
Cash and cash equivalents, from continuing operations, end of period	\$ 9,628	\$ 10,664
Supplemental disclosures of cash flow information:		
Net cash paid (received) during the period for:		
Interest	\$ 834	\$ 744
Income tax	\$ 586	\$ (11)
Non-cash transactions during the period:		
Real estate and real estate joint ventures acquired in satisfaction of debt	\$ 74	\$ 10

See accompanying notes to the interim condensed consolidated financial statements.

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MetLife, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

1. Business, Basis of Presentation and Summary of Significant Accounting Policies

Business

MetLife or the Company refers to MetLife, Inc., a Delaware corporation incorporated in 1999 (the Holding Company), its subsidiaries and affiliates. MetLife is a leading global provider of insurance, annuities and employee benefit programs throughout the United States (U.S.), Japan, Latin America, Asia Pacific, Europe and the Middle East. Through its subsidiaries and affiliates, MetLife offers life insurance, annuities, auto and homeowners insurance, mortgage and deposit products and other financial services to individuals, as well as group insurance and retirement & savings products and services to corporations and other institutions.

MetLife is organized into six segments: Insurance Products, Retirement Products, Corporate Benefit Funding and Auto & Home (collectively, U.S. Business), and Japan and Other International Regions (collectively, International). See Note 13 for further business segment information.

Basis of Presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported in the interim condensed consolidated financial statements.

On November 1, 2010 (the Acquisition Date), MetLife, Inc. completed the acquisition of American Life Insurance Company (American Life) from AM Holdings LLC (formerly known as ALICO Holdings LLC) (AM Holdings), a subsidiary of American International Group, Inc. (AIG), and Delaware American Life Insurance Company (DelAm) from AIG (American Life, together with DelAm, collectively, ALICO) (the Acquisition). The Acquisition was accounted for using the acquisition method of accounting. ALICO's fiscal year-end is November 30. Accordingly, the Company's interim condensed consolidated financial statements reflect the assets and liabilities of ALICO as of May 31, 2011 and the operating results of ALICO for the three months and six months ended May 31, 2011. The accounting policies of ALICO were conformed to those of MetLife upon the Acquisition. See Note 2.

In applying the Company's accounting policies, management makes subjective and complex judgments that frequently require estimates about matters that are inherently uncertain. Many of these policies, estimates and related judgments are common in the insurance and financial services industries; others are specific to the Company's businesses and operations. Actual results could differ from these estimates.

The accompanying interim condensed consolidated financial statements include the accounts of the Holding Company and its subsidiaries, as well as partnerships and joint ventures in which the Company has control, and variable interest entities (VIEs) for which the Company is the primary beneficiary. Closed block assets, liabilities, revenues and expenses are combined on a line-by-line basis with the assets, liabilities, revenues and expenses outside the closed block based on the nature of the particular item. See Note 6. Intercompany accounts and transactions have been eliminated.

The Company uses the equity method of accounting for investments in equity securities in which it has a significant influence or more than a 20% interest and for real estate joint ventures and other limited partnership interests in which it has more than a minor equity interest or more than a minor influence over the joint venture's or partnership's

operations, but does not have a controlling interest and is not the primary beneficiary. The Company uses the cost method of accounting for investments in real estate joint ventures and other limited partnership interests in which it has a minor equity investment and virtually no influence over the joint venture s or the partnership s operations.

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MetLife, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

Certain amounts in the prior year periods' interim condensed consolidated financial statements have been reclassified to conform with the 2011 presentation. Such reclassifications include:

Reclassification from other net investment gains (losses) of \$1,481 million and \$1,522 million to net derivative gains (losses) in the interim condensed consolidated statements of operations for the three months and six months ended June 30, 2010, respectively;

Realignment that affected assets, liabilities and results of operations on a segment basis with no impact to the consolidated results. See Note 13;

Reclassifications related to operating revenues and expenses that affected results of operations on a segment and consolidated basis. See Note 13; and

Reclassifications related to discontinued operations. See Note 14.

The accompanying interim condensed consolidated financial statements reflect all adjustments (including normal recurring adjustments) necessary to present fairly the consolidated financial position of the Company at June 30, 2011, its consolidated results of operations for the three months and six months ended June 30, 2011 and 2010, its consolidated statements of equity for the six months ended June 30, 2011 and 2010, and its consolidated statements of cash flows for the six months ended June 30, 2011 and 2010, in conformity with GAAP. Interim results are not necessarily indicative of full year performance. The December 31, 2010 consolidated balance sheet data was derived from audited consolidated financial statements included in MetLife, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2010, as amended by MetLife, Inc.'s Form 10-K/A dated March 1, 2011 (as amended, the 2010 Annual Report), filed with the U.S. Securities and Exchange Commission (SEC), which include all disclosures required by GAAP. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company included in the 2010 Annual Report.

Adoption of New Accounting Pronouncements

Effective January 1, 2011, the Company adopted new guidance that addresses when a business combination should be assumed to have occurred for the purpose of providing pro forma disclosure. Under the new guidance, if an entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period. The guidance also expands the supplemental pro forma disclosures to include additional narratives. The adoption did not have an impact on the Company's consolidated financial statements.

Effective January 1, 2011, the Company adopted new guidance regarding goodwill impairment testing. This guidance modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity would be required to perform Step 2 of the test if qualitative factors indicate that it is more likely than not that goodwill impairment exists. The adoption did not have an impact on the Company's consolidated financial statements.

Effective January 1, 2011, the Company adopted new guidance regarding accounting for investment funds determined to be VIEs. Under this guidance, an insurance entity would not be required to consolidate a voting-interest investment

fund when it holds the majority of the voting interests of the fund through its separate accounts. In addition, an insurance entity would not consider the interests held through separate accounts for the benefit of policyholders in the insurer's evaluation of its economics in a VIE, unless the separate account contractholder is a related party. The adoption did not have a material impact on the Company's consolidated financial statements.

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)*****Future Adoption of New Accounting Pronouncements***

In July 2011, the Financial Accounting Standards Board (FASB) issued new guidance on other expenses (Accounting Standards Update (ASU) 2011-06, *Other Expenses (Topic 720): Fees Paid to the Federal Government by Health Insurers*), effective for calendar years beginning after December 31, 2013. The objective of this standard is to address how health insurers should recognize and classify in their income statements fees mandated by the Patient Protection and Affordable Care Act as amended by the Health Care and Education Reconciliation Act. The amendments in this standard specify that the liability for the fee should be estimated and recorded in full once the entity provides qualifying health insurance in the applicable calendar year in which the fee is payable with a corresponding deferred cost that is amortized to expense using the straight-line method of allocation unless another method better allocates the fee over the calendar year that it is payable. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In June 2011, the FASB issued new guidance regarding comprehensive income (ASU 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income*), effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The guidance should be applied retrospectively and early adoption is permitted. The new guidance provides companies with the option to present the total of comprehensive income, components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The objective of the standard is to increase the prominence of items reported in other comprehensive income and to facilitate convergence of GAAP and International Financial Reporting Standards (IFRS). The standard eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In May 2011, the FASB issued new guidance regarding fair value measurement (ASU 2011-04, *Fair Value Measurements (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*), effective for the first interim or annual period beginning after December 15, 2011. The guidance should be applied prospectively. The amendments in this ASU are intended to establish common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP and IFRS. Some of the amendments clarify the FASB's intent on the application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In April 2011, the FASB issued new guidance regarding effective control in repurchase agreements (ASU 2011-03, *Transfers and Servicing (Topic 860): Reconsideration of Effective Control for Repurchase Agreements*), effective for the first interim or annual period beginning on or after December 15, 2011. The guidance should be applied prospectively to transactions or modifications of existing transactions that occur on or after the effective date. The amendments in this ASU remove from the assessment of effective control the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In April 2011, the FASB issued new guidance regarding accounting for troubled debt restructuring (ASU 2011-02, *Receivables (Topic 310): A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring*),

effective for the first interim or annual period beginning on or after June 15, 2011 and which should be applied retrospectively to the beginning of the annual period of adoption. This guidance clarifies whether a creditor has granted a concession and whether a debtor is experiencing financial difficulties for the purpose of determining when a restructuring constitutes a troubled debt restructuring. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements and related disclosures.

In October 2010, the FASB issued new guidance regarding accounting for deferred acquisition costs (ASU 2010-26, *Financial Services - Insurance (Topic 944): Accounting for Costs Associated with Acquiring or*

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

Renewing Insurance Contracts) effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. The guidance should be applied prospectively upon adoption. Retrospective application to all prior periods presented upon the date of adoption also is permitted, but not required. This guidance clarifies the costs that should be deferred by insurance entities when issuing and renewing insurance contracts. The guidance also specifies that only costs related directly to successful acquisition of new or renewal contracts can be capitalized. All other acquisition-related costs should be expensed as incurred. The Company is currently evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

2. Acquisitions and Dispositions***2010 Acquisition of ALICO****Description of Transaction*

On the Acquisition Date, MetLife, Inc. acquired all of the issued and outstanding capital stock of American Life from AM Holdings, a subsidiary of AIG, and DeIAm from AIG for a total purchase price of \$16.4 billion. The Acquisition has significantly broadened the Company's diversification by product, distribution and geography, will meaningfully accelerate MetLife's global growth strategy, and creates the opportunity to build an international franchise leveraging the key strengths of ALICO.

On March 8, 2011, AM Holdings sold, in public offering transactions, all the shares of common stock and common equity units it received as consideration from MetLife in connection with the Acquisition. The Company did not receive any of the proceeds from the sale of either the shares of common stock held by AM Holdings or the common equity units owned by AM Holdings. On March 8, 2011, MetLife, Inc. issued 68,570,000 shares of common stock for gross proceeds of \$3.0 billion, which were used to repurchase and cancel 6,857,000 shares of convertible preferred stock received by AM Holdings from MetLife in connection with the Acquisition. See Note 10 herein and Note 2 of the Notes to the Consolidated Financial Statements included in the 2010 Annual Report.

Goodwill

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the future economic benefits arising from other assets acquired and liabilities assumed that could not be individually identified. The goodwill recorded as part of the Acquisition includes the expected synergies and other benefits that management believes will result from combining the operations of ALICO with the operations of MetLife, including further diversification in geographic mix and product offerings and an increase in distribution strength. Of the \$7.0 billion in goodwill resulting from the Acquisition, \$5.2 billion was allocated to the reporting unit in the Japan segment and \$1.8 billion was allocated to reporting units in the Other International Regions segment.

Negative Value of Business Acquired (VOBA)

For certain acquired blocks of business, the estimated fair value of acquired liabilities exceeded the initial policy reserves assumed at November 1, 2010, resulting in negative VOBA of \$4.4 billion recorded at the Acquisition Date. Negative VOBA is recorded in other policy-related balances. The following summarizes the major blocks of business, all included within the Japan segment, for which negative VOBA was recorded and describes why the fair value of the liabilities associated with these blocks of business exceeded the initial policy reserves assumed:

Fixed Annuities - This block of business provides a fixed rate of return to the policyholders. A decrease in market interest rates since the time of issuance was the primary driver that resulted in the fair value of the liabilities associated with this block being significantly greater than the initial policy reserves assumed at the Acquisition Date.

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

Interest Sensitive Whole Life and Retirement Savings Products - These contracts contain guaranteed minimum benefit features. The recorded reserves for these guarantees increase ratably over the life of the policies in relation to future gross revenues. In contrast, the fair value of the guaranteed minimum benefit component of the initial policy reserves assumed represents the amount that would be required to be transferred to a market participant to assume the full liability at the acquisition date, implicitly incorporating market participant views as to all expected future cash flows. This results in a fair value significantly in excess of the initial guaranteed minimum benefit liability assumed at the Acquisition Date.

The weighted average amortization period for negative VOBA as of the Acquisition Date was 6.0 years. The estimated future amortization of credit to expenses recorded in other expenses for the first full five years after the Acquisition Date for negative VOBA is \$711 million in 2011, \$628 million in 2012, \$561 million in 2013, \$475 million in 2014 and \$385 million in 2015.

Contingent Consideration

American Life has guaranteed that the fair value of a fund of assets backing certain United Kingdom unit-linked contracts will have a value of at least £1 per unit on July 1, 2012. If the shortfall between the aggregate guaranteed amount and the fair value of the fund exceeds £106 million, AIG will pay the difference to American Life and, conversely, if the shortfall at July 1, 2012 is less than £106 million, American Life will pay the difference to AIG. The Company believes that the fair value of the fund will equal or exceed the guaranteed amount by July 1, 2012. The contingent consideration liability was \$135 million at June 30, 2011 and \$88 million as of the Acquisition Date. The increase in the contingent consideration liability amount as of June 30, 2011 was recorded in net derivative gains (losses) in the interim condensed consolidated statement of operations.

Current and Deferred Income Tax

The future tax effects of temporary differences between financial reporting and tax bases of assets and liabilities are measured at the balance sheet dates and are recorded as deferred income tax assets and liabilities, with certain exceptions such as certain temporary differences relating to goodwill under purchase accounting.

For federal income tax purposes, in July 2011, MetLife, Inc. and AM Holdings made elections under Section 338 of the U.S. Internal Revenue Code of 1986, as amended (the Section 338 Elections) with respect to American Life and certain of its subsidiaries. In addition, in July 2011, MetLife, Inc. and AIG made a Section 338 Election with respect to DelAm. Under such elections, the U.S. tax basis of the assets deemed acquired and liabilities assumed of ALICO were adjusted as of the Acquisition Date to reflect the consequences of the Section 338 Elections.

During the three months ended June 30, 2011, the Company revised its deferred taxes as of the Acquisition Date to recognize \$671 million of a U.S. deferred tax asset related to the reversal of temporary differences (between financial reporting and U.S. tax bases of assets and liabilities) of American Life's foreign branches. However, the Company has also recorded a valuation allowance on this U.S. deferred tax asset of \$671 million, resulting in no net change to the consolidated balance sheet as of the Acquisition Date. The valuation allowance reflects management's assessment, based on available information, that it is more likely than not that the U.S. deferred tax asset will not be realized.

At June 30, 2011, ALICO's current and deferred income tax liabilities were provisional and not yet finalized. Therefore, current income taxes may be adjusted pending the resolution of the amount of taxes resulting from the Section 338 Elections and the filing of income tax returns. Deferred income taxes may be adjusted as a result of changes in estimates and assumptions relating to the reversal of U.S. temporary differences prior to the completion of the anticipated restructuring of American Life's foreign branches, the filing of income tax returns and as additional information becomes available during the measurement period. The Company expects to finalize these amounts as soon as possible but no later than one year from the Acquisition Date.

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)***Costs Related to Acquisition*

Transaction and Integration-Related Expenses. The Company incurred transaction costs of \$0 and \$2 million for the three months and six months ended June 30, 2011, respectively, and \$15 million and \$42 million for the three months and six months ended June 30, 2010, respectively. Transaction costs represent costs directly related to effecting the Acquisition and primarily include banking and legal expenses. Such costs have been expensed as incurred and are included in other expenses. These expenses have been reported within Banking, Corporate & Other.

Integration-related expenses were \$102 million and \$170 million for the three months and six months ended June 30, 2011, respectively, and \$40 million and \$42 million for the three months and six months ended June 30, 2010, respectively. Integration-related costs represent incremental costs directly related to integrating ALICO, including expenses for consulting, rebranding and the integration of information systems. Such expenses have been expensed as incurred and are included in other expenses. As the integration of ALICO is an enterprise-wide initiative, these expenses have been reported within Banking, Corporate & Other.

Restructuring Costs and Other Charges. As part of the integration of ALICO's operations, management has initiated restructuring plans focused on increasing productivity and improving the efficiency of the Company's operations. These restructuring costs were included in other expenses and have been reported within Banking, Corporate & Other.

Estimated restructuring costs may change as management continues to execute its restructuring plans. Management anticipates further restructuring charges, including severance, contract termination costs and other associated costs through the year ended December 31, 2011. However, such restructuring plans are not sufficiently developed to enable management to make an estimate of such restructuring charges at June 30, 2011.

	Three Months Ended June 30, 2011	Six Months Ended June 30, 2011
	(In millions)	
Balance, beginning of period	\$ 13	\$ 10
Restructuring charges	7	24
Cash payments	(11)	(25)
Balance, end of period	\$ 9	\$ 9
Restructuring charges incurred in current period	\$ 7	\$ 24
Total restructuring charges incurred since inception of program	\$ 34	\$ 34

2011 Disposition

On April 1, 2011, the Company sold its 50% interest in Mitsui Sumitomo MetLife Insurance Co., Ltd. (MSI MetLife), a Japan domiciled life insurance company, to its joint venture partner, MS&AD Insurance Group Holdings, Inc. (MS&AD), for \$269 million (¥22.5 billion) in cash consideration, less \$4 million (¥310 million) to reimburse MS&AD for specific expenses incurred related to the transaction. The accumulated other comprehensive losses in the foreign currency translation adjustment component of equity resulting from the hedges of the Company's investment in the joint venture of \$46 million, net of income tax, were released upon sale but did not impact net income for the three months ended June 30, 2011 as such losses were considered in the overall impairment evaluation of the investment prior to the sale. During the three months and six months ended June 30, 2011, the Company recorded a loss of \$5 million and \$57 million, net of income tax, respectively, in net investment gains (losses) within the interim condensed consolidated statements of operations. The Company's operating earnings relating to its investment in MSI MetLife were included in the Other International Regions segment.

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)****2011 Pending Disposition**

During the first quarter of 2011, the Company entered into a definitive agreement with a third party to sell its wholly-owned subsidiary, MetLife Taiwan Insurance Company Limited (MetLife Taiwan) for \$180 million in cash consideration. The transaction is expected to close no later than December 31, 2011. As a part of the sale agreement, the Company received a deposit of \$10 million from the third party which is included in other liabilities in the interim condensed consolidated balance sheet at June 30, 2011. The deposit, which is refundable in certain cases, will be applied against the final purchase price. As a result of recording MetLife Taiwan's net assets at the lower of cost or fair value as assets and liabilities held-for-sale, the Company recognized a net investment loss in discontinued operations of \$7 million and \$74 million, net of income tax, for the three months and six months ended June 30, 2011, respectively. Income from the operations of MetLife Taiwan of \$8 million and \$14 million, net of income tax, for the three months and six months ended June 30, 2011, respectively, and \$4 million and \$7 million, net of income tax, for the three months and six months ended June 30, 2010, respectively, were also recorded in discontinued operations.

3. Investments**Fixed Maturity and Equity Securities Available-for-Sale**

The following tables present the cost or amortized cost, gross unrealized gains and losses, estimated fair value of the Company's fixed maturity and equity securities and the percentage that each sector represents by the respective total holdings for the periods shown. The unrealized loss amounts presented below include the noncredit loss component of other-than-temporary impairment (OTTI) losses:

	Cost or Amortized Cost	June 30, 2011			Estimated Fair Value	% of Total
		Gross Unrealized Gains	Temporary Losses	OTTI Losses (In millions)		
Fixed Maturity Securities:						
U.S. corporate securities	\$ 92,677	\$ 5,244	\$ 1,124	\$	\$ 96,797	28.3%
Foreign corporate securities (1)	67,518	3,877	858	(1)	70,538	20.6
Foreign government securities	47,750	2,046	389	161	49,246	14.4
Residential mortgage-backed securities (RMBS)	42,845	1,870	652	513	43,550	12.8
U.S. Treasury and agency securities	34,691	1,462	588		35,565	10.4
Commercial mortgage-backed securities (CMBS) (1)	18,782	906	176	(6)	19,518	5.7
Asset-backed securities (ABS)	15,082	330	483	72	14,857	4.4
State and political subdivision securities	11,554	443	328		11,669	3.4
Other fixed maturity securities	4				4	
Total fixed maturity securities (2),(3)	\$ 330,903	\$ 16,178	\$ 4,598	\$ 739	\$ 341,744	100.0%

Equity Securities:

Common stock	\$ 1,959	\$ 142	\$ 11	\$ 2,090	64.5%
Non-redeemable preferred stock (2)	1,169	83	104	1,148	35.5
Total equity securities	\$ 3,128	\$ 225	\$ 115	\$ 3,238	100.0%

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

	Cost or Amortized Cost	Gains	December 31, 2010 Gross Unrealized		Estimated Fair Value	% of Total
			Temporary Losses	OTTI Losses		
			(In millions)			
Fixed Maturity Securities:						
U.S. corporate securities	\$ 88,905	\$ 4,469	\$ 1,602	\$	\$ 91,772	28.3%
Foreign corporate securities	65,487	3,326	925		67,888	20.9
Foreign government securities	40,871	1,733	602		42,002	12.9
RMBS	44,468	1,652	917	470	44,733	13.8
U.S. Treasury and agency securities	32,469	1,394	559		33,304	10.2
CMBS	20,213	740	266	12	20,675	6.4
ABS	14,722	274	590	119	14,287	4.4
State and political subdivision securities	10,476	171	518		10,129	3.1
Other fixed maturity securities	6	1			7	
Total fixed maturity securities (2),(3)	\$ 317,617	\$ 13,760	\$ 5,979	\$ 601	\$ 324,797	100.0%
Equity Securities:						
Common stock	\$ 2,059	\$ 146	\$ 12	\$	\$ 2,193	60.9%
Non-redeemable preferred stock (2)	1,562	76	229		1,409	39.1
Total equity securities	\$ 3,621	\$ 222	\$ 241	\$	\$ 3,602	100.0%

(1) OTTI losses as presented above represent the noncredit portion of OTTI losses that is included in accumulated other comprehensive income (loss). OTTI losses include both the initial recognition of noncredit losses, and the effects of subsequent increases and decreases in estimated fair value for those fixed maturity securities that were previously noncredit loss impaired. The noncredit loss component of OTTI losses for foreign corporate securities and CMBS were in an unrealized gain (loss) position of \$1 million and \$6 million, respectively, at June 30, 2011 due to increases in estimated fair value subsequent to initial recognition of noncredit losses on such securities. See also Net Unrealized Investment Gains (Losses).

(2) Upon acquisition, the Company classifies perpetual securities that have attributes of both debt and equity as fixed maturity securities if the security has an interest rate step-up feature which, when combined with other qualitative factors, indicates that the security has more debt-like characteristics; while those with more equity-like characteristics, are classified as equity securities within non-redeemable preferred stock. Many of such securities have been issued by non-U.S. financial institutions that are accorded Tier 1 and Upper Tier 2 capital treatment by their respective regulatory bodies and are commonly referred to as perpetual hybrid securities. The following table presents the perpetual hybrid securities held by the Company at:

Consolidated Balance Sheets	Classification Sector Table	Primary Issuers	June 30,	December 31,
			2011	2010
			Estimated	Estimated
			Fair	Fair
			Value	Value
(In millions)				
Fixed maturity securities	Foreign corporate securities	Non-U.S. financial institutions	\$ 1,094	\$ 2,008
Fixed maturity securities	U.S. corporate securities	U.S. financial institutions	\$ 77	\$ 83
Equity securities	Non-redeemable preferred stock	Non-U.S. financial institutions	\$ 841	\$ 1,043
Equity securities	Non-redeemable preferred stock	U.S. financial institutions	\$ 227	\$ 236

- (3) The Company's holdings in redeemable preferred stock with stated maturity dates, commonly referred to as capital securities, were primarily issued by U.S. financial institutions and have cumulative interest deferral features. The Company held \$2.2 billion and \$2.7 billion at estimated fair value of such securities at June 30, 2011 and December 31, 2010, respectively, which are included in the U.S. and foreign corporate securities sectors within fixed maturity securities.

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

The below investment grade and non-income producing amounts presented below are based on rating agency designations and equivalent designations of the National Association of Insurance Commissioners (NAIC), with the exception of certain structured securities described below held by the Company's insurance subsidiaries that file NAIC statutory financial statements. Non-agency RMBS, CMBS and ABS held by the Company's insurance subsidiaries that file NAIC statutory financial statements are presented based on final ratings from the revised NAIC rating methodologies for structured securities (which may not correspond to rating agency designations). All NAIC designation (e.g., NAIC 1-6) amounts and percentages presented herein are based on the revised NAIC methodologies. All rating agency designation (e.g., Aaa/AAA) amounts and percentages presented herein are based on rating agency designations without adjustment for the revised NAIC methodologies described above. Rating agency designations are based on availability of applicable ratings from rating agencies on the NAIC acceptable rating organization list, including Moody's Investors Service (Moody's), Standard & Poor's Ratings Services (S&P) and Fitch Ratings (Fitch).

The following table presents selected information about certain fixed maturity securities held by the Company at:

	June 30, 2011	December 31, 2010
	(In millions)	
Below investment grade or non-rated fixed maturity securities:		
Estimated fair value	\$ 25,941	\$ 24,870
Net unrealized gains (losses)	\$ (819)	\$ (696)
Non-income producing fixed maturity securities:		
Estimated fair value	\$ 43	\$ 130
Net unrealized gains (losses)	\$ (32)	\$ (23)

Concentrations of Credit Risk (Fixed Maturity Securities) Summary. The following section contains a summary of the concentrations of credit risk related to fixed maturity securities holdings.

The Company was not exposed to any concentrations of credit risk of any single issuer greater than 10% of the Company's equity, other than the government securities summarized in the table below. The par value and amortized cost of the Company's holdings in sovereign fixed maturity securities of Portugal, Ireland, Italy, Greece and Spain, commonly referred to as Europe's perimeter region, was \$1,178 million and \$934 million at June 30, 2011, respectively, and \$1,912 million and \$1,644 million at December 31, 2010, respectively. The estimated fair value of such holdings was \$761 million and \$1,562 million prior to considering net purchased credit default swap protection at June 30, 2011 and December 31, 2010, respectively. The estimated fair value of these Europe perimeter region sovereign fixed maturity securities represented 1.4% and 3.2% of the Company's equity at June 30, 2011 and December 31, 2010, respectively, and 0.2% and 0.3% of total cash and invested assets at June 30, 2011 and December 31, 2010, respectively.

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

Concentrations of Credit Risk (Government and Agency Securities). The following section contains a summary of the concentrations of credit risk related to government and agency fixed maturity and fixed-income securities holdings, which were greater than 10% of the Company's equity at:

	June 30, 2011	December 31, 2010
	Carrying Value (1) (In millions)	
Government and agency fixed maturity securities:		
United States	\$ 35,565	\$ 33,304
Japan	\$ 18,216	\$ 15,591
Mexico	\$ 5,573	\$ 5,050
U.S. Treasury and agency fixed-income securities included in:		
Short-term investments	\$ 8,616	\$ 4,048
Cash equivalents	\$ 1,570	\$ 5,762

(1) Represents estimated fair value for fixed maturity securities; amortized cost, which approximates estimated fair value or estimated fair value, if available, for short-term investments; and amortized cost, which approximates estimated fair value, for cash equivalents.

Concentrations of Credit Risk (Fixed Maturity Securities) U.S. and Foreign Corporate Securities. The Company maintains a diversified portfolio of corporate fixed maturity securities across industries and issuers. This portfolio does not have an exposure to any single issuer in excess of 1% of total investments. The tables below present information for U.S. and foreign corporate securities at:

	June 30, 2011		December 31, 2010	
	Estimated Fair Value	% of Total	Estimated Fair Value	% of Total
	(In millions)			
Corporate fixed maturity securities by sector:				
Foreign corporate fixed maturity securities (1)	\$ 70,538	42.2%	\$ 67,888	42.5%
U.S. corporate fixed maturity securities by industry:				
Industrial	24,270	14.5	22,070	13.8
Consumer	22,910	13.7	21,482	13.5
Finance	20,397	12.2	20,785	13.0
Utility	18,242	10.9	16,902	10.6
Communications	7,733	4.6	7,335	4.6
Other	3,245	1.9	3,198	2.0

Total	\$ 167,335	100.0%	\$ 159,660	100.0%
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(1) Includes U.S. dollar-denominated debt obligations of foreign obligors and other foreign fixed maturity securities.

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

	June 30, 2011		December 31, 2010	
	Estimated Fair Value	% of Total Investments	Estimated Fair Value	% of Total Investments
	(In millions)			
Concentrations within corporate fixed maturity securities:				
Largest exposure to a single issuer	\$ 2,207	0.5%	\$ 2,291	0.5%
Holdings in ten issuers with the largest exposures	\$ 13,328	2.8%	\$ 14,247	3.1%

Concentrations of Credit Risk (Fixed Maturity Securities) RMBS. The table below presents information on the Company's RMBS holdings at:

	June 30, 2011		December 31, 2010	
	Estimated Fair Value	% of Total	Estimated Fair Value	% of Total
	(In millions)			
By security type:				
Collateralized mortgage obligations	\$ 23,011	52.8%	\$ 22,303	49.9%
Pass-through securities	20,539	47.2	22,430	50.1
Total RMBS	\$ 43,550	100.0%	\$ 44,733	100.0%
By risk profile:				
Agency	\$ 32,774	75.3%	\$ 34,254	76.6%
Prime	6,016	13.8	6,258	14.0
Alternative residential mortgage loans	4,760	10.9	4,221	9.4
Total RMBS	\$ 43,550	100.0%	\$ 44,733	100.0%
Rated Aaa/AAA	\$ 34,105	78.3%	\$ 36,085	80.7%
Rated NAIC 1	\$ 37,484	86.1%	\$ 38,984	87.1%

See Note 3 Investments Concentrations of Credit Risk (Fixed Maturity Securities) RMBS of the Notes to the Consolidated Financial Statements included in the 2010 Annual Report for a description of the security types and risk profile.

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

The following tables present information on the Company's investment in alternative residential mortgage loans (Alt-A) RMBS at:

	June 30, 2011		December 31, 2010	
	Estimated Fair Value	% of Total	Estimated Fair Value	% of Total
	(In millions)			
Vintage Year:				
2005 & Prior	\$ 1,704	35.8%	\$ 1,576	37.3%
2006	1,376	28.9	1,013	24.0
2007	1,016	21.3	922	21.8
2008			7	0.2
2009 (1)	627	13.2	671	15.9
2010 (1)	37	0.8	32	0.8
2011				
Total	\$ 4,760	100.0%	\$ 4,221	100.0%

(1) All of the Company's Alt-A RMBS holdings in the 2009 and 2010 vintage years are resecuritization of real estate mortgage investment conduit (Re-REMIC) Alt-A RMBS that were purchased in 2009 and 2010 and are comprised of original issue vintage year 2005 through 2007 Alt-A RMBS. All of the Company's Re-REMIC Alt-A RMBS holdings are NAIC 1 rated.

	June 30, 2011		December 31, 2010	
	Amount	% of Total	Amount	% of Total
	(In millions)			
Net unrealized gains (losses)	\$ (680)		\$ (670)	
Rated Aa/AA or better		12.4%		15.9%
Rated NAIC 1		39.4%		39.5%
Distribution of holdings at estimated fair value by collateral type:				
Fixed rate mortgage loans collateral		92.3%		90.7%
Hybrid adjustable rate mortgage loans collateral		7.7		9.3
Total Alt-A RMBS		100.0%		100.0%

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

Concentrations of Credit Risk (Fixed Maturity Securities) – CMBS. The following tables present the Company's holdings of CMBS by rating agency designation and by vintage year at:

June 30, 2011

	Aaa		Aa		A		Baa		Below Investment Grade		Total
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	
	\$ 6,311	\$ 6,481	\$ 184	\$ 186	\$ 105	\$ 103	\$ 63	\$ 61	\$ 21	\$ 20	\$ 6,684
	3,693	3,858	462	483	117	115	91	92	76	66	4,439
	2,905	3,141	363	389	307	325	169	175	37	29	3,781
	1,480	1,584	155	157	86	94	153	165	157	155	2,031
	674	687	369	342	155	151	43	44	117	115	1,358
									26	30	26
	2	2									2
	3	3			56	61					59
	402	404									402
	\$ 15,470	\$ 16,160	\$ 1,533	\$ 1,557	\$ 826	\$ 849	\$ 519	\$ 537	\$ 434	\$ 415	\$ 18,782
Distribution		82.8%		8.0%		4.3%		2.8%		2.1%	

December 31, 2010

	Aaa		Aa		A		Baa		Below Investment Grade		Total
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	
	\$ 7,411	\$ 7,640	\$ 282	\$ 282	\$ 228	\$ 227	\$ 74	\$ 71	\$ 28	\$ 24	\$ 8,023
	3,489	3,620	277	273	216	209	181	175	91	68	4,254
	3,113	3,292	322	324	286	280	263	255	73	66	4,057
	1,463	1,545	159	160	168	168	385	398	166	156	2,341
	840	791	344	298	96	95	119	108	122	133	1,521
	2	2									2

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	3	3								3	
	8	8		4	4					12	
	\$ 16,329	\$ 16,901	\$ 1,384	\$ 1,337	\$ 998	\$ 983	\$ 1,022	\$ 1,007	\$ 480	\$ 447	\$ 20,213
ution		81.7%		6.4%		4.8%		4.9%		2.2%	

The tables above reflect rating agency designations assigned by nationally recognized rating agencies including Moody's, S&P, Fitch and Realpoint, LLC.

The NAIC rating distribution of the Company's holdings of CMBS was as follows at:

	June 30, 2011	December 31, 2010
NAIC 1	94.1%	93.7%
NAIC 2	3.7%	3.2%
NAIC 3	1.2%	1.8%
NAIC 4	0.9%	1.0%
NAIC 5	0.1%	0.3%
NAIC 6	%	%

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

Concentrations of Credit Risk (Fixed Maturity Securities) ABS. The Company's ABS are diversified both by collateral type and by issuer. The following table presents information about ABS held by the Company at:

	June 30, 2011		December 31, 2010	
	Estimated Fair Value	% of Total	Estimated Fair Value	% of Total
	(In millions)			
By collateral type:				
Credit card loans	\$ 5,202	35.0%	\$ 6,027	42.2%
Student loans	2,903	19.5	2,416	16.9
Collateralized debt obligations	2,447	16.5	1,798	12.6
RMBS backed by sub-prime mortgage loans	1,065	7.2	1,119	7.8
Automobile loans	836	5.6	605	4.2
Other loans	2,404	16.2	2,322	16.3
Total	\$ 14,857	100.0%	\$ 14,287	100.0%
Rated Aaa/AAA	\$ 9,809	66.0%	\$ 10,411	72.9%
Rated NAIC 1	\$ 13,683	92.1%	\$ 13,133	91.9%

The Company had ABS supported by sub-prime mortgage loans with estimated fair values of \$1,065 million and \$1,119 million and unrealized losses of \$284 million and \$317 million at June 30, 2011 and December 31, 2010, respectively. Approximately 27% of this portfolio was rated Aa or better, of which 73% was in vintage year 2005 and prior at June 30, 2011. Approximately 54% of this portfolio was rated Aa or better, of which 88% was in vintage year 2005 and prior at December 31, 2010. These older vintages from 2005 and prior benefit from better underwriting, improved credit enhancement levels and higher residential property price appreciation. Approximately 63% and 66% of this portfolio was rated NAIC 2 or better at June 30, 2011 and December 31, 2010, respectively.

Concentrations of Credit Risk (Equity Securities). The Company was not exposed to any concentrations of credit risk in its equity securities holdings of any single issuer greater than 10% of the Company's equity or 1% of total investments at June 30, 2011 and December 31, 2010.

Maturities of Fixed Maturity Securities. The amortized cost and estimated fair value of fixed maturity securities, by contractual maturity date (excluding scheduled sinking funds), were as follows at:

	June 30, 2011		December 31, 2010	
	Amortized	Estimated Fair	Amortized	Estimated Fair

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	Cost	Value	Cost	Value
	(In millions)			
Due in one year or less	\$ 10,716	\$ 10,857	\$ 8,580	\$ 8,702
Due after one year through five years	69,032	71,319	65,143	66,796
Due after five years through ten years	82,006	86,268	76,508	79,571
Due after ten years	92,440	95,375	87,983	90,033
Subtotal	254,194	263,819	238,214	245,102
RMBS, CMBS and ABS	76,709	77,925	79,403	79,695
Total fixed maturity securities	\$ 330,903	\$ 341,744	\$ 317,617	\$ 324,797

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

Actual maturities may differ from contractual maturities due to the exercise of call or prepayment options. Fixed maturity securities not due at a single maturity date have been included in the above table in the year of final contractual maturity. RMBS, CMBS and ABS are shown separately in the table, as they are not due at a single maturity.

Evaluating Available-for-Sale Securities for Other-Than-Temporary Impairment

As described more fully in Note 1 of the Notes to the Consolidated Financial Statements included in the 2010 Annual Report, the Company performs a regular evaluation, on a security-by-security basis, of its available-for-sale securities holdings, including fixed maturity securities, equity securities and perpetual hybrid securities, in accordance with its impairment policy in order to evaluate whether such investments are other-than-temporarily impaired.

Net Unrealized Investment Gains (Losses)

The components of net unrealized investment gains (losses), included in accumulated other comprehensive income (loss), were as follows:

	June 30, 2011	December 31, 2010
	(In millions)	
Fixed maturity securities	\$ 11,576	\$ 7,817
Fixed maturity securities with noncredit OTTI losses in accumulated other comprehensive income (loss)	(739)	(601)
Total fixed maturity securities	10,837	7,216
Equity securities	132	(3)
Derivatives	(165)	(59)
Other	(5)	42
Subtotal	10,799	7,196
Amounts allocated from:		
Insurance liability loss recognition	(1,061)	(672)
DAC and VOBA related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	34	38
DAC and VOBA	(1,430)	(1,205)
Policyholder dividend obligation	(1,281)	(876)
Subtotal	(3,738)	(2,715)
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	245	197
Deferred income tax benefit (expense)	(2,651)	(1,692)

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Net unrealized investment gains (losses)	4,655		2,986
Net unrealized investment gains (losses) attributable to noncontrolling interests	9		4
Net unrealized investment gains (losses) attributable to MetLife, Inc.	\$ 4,664	\$	2,990

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

The changes in fixed maturity securities with noncredit OTTI losses in accumulated other comprehensive income (loss), were as follows:

	June 30, 2011	December 31, 2010
	(In millions)	
Balance, beginning of period	\$ (601)	\$ (859)
Noncredit OTTI losses recognized (1)	(184)	(212)
Transferred to retained earnings (2)		16
Securities sold with previous noncredit OTTI loss	77	137
Subsequent changes in estimated fair value	(31)	317
Balance, end of period	\$ (739)	\$ (601)

(1) Noncredit OTTI losses recognized, net of deferred policy acquisition costs (DAC), were (\$188) million and (\$202) million for the periods ended June 30, 2011 and December 31, 2010, respectively.

(2) Amounts transferred to retained earnings were in connection with the adoption of guidance related to the consolidation of VIEs as described in Note 1 of the Notes to the Consolidated Financial Statements included in the 2010 Annual Report.

The changes in net unrealized investment gains (losses) were as follows:

	Six Months Ended June 30, 2011 (In millions)
Balance, beginning of period	\$ 2,990
Fixed maturity securities on which noncredit OTTI losses have been recognized	(138)
Unrealized investment gains (losses) during the period	3,741
Unrealized investment gains (losses) relating to:	
Insurance liability gain (loss) recognition	(389)
DAC and VOBA related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	(4)
DAC and VOBA	(225)
Policyholder dividend obligation	(405)
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	48

Deferred income tax benefit (expense)		(959)
Net unrealized investment gains (losses)		4,659
Net unrealized investment gains (losses) attributable to noncontrolling interests		5
Balance, end of period	\$	4,664
Change in net unrealized investment gains (losses)	\$	1,669
Change in net unrealized investment gains (losses) attributable to noncontrolling interests		5
Change in net unrealized investment gains (losses) attributable to MetLife, Inc.	\$	1,674

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)*****Continuous Gross Unrealized Losses and OTTI Losses for Fixed Maturity and Equity Securities Available-for-Sale by Sector***

The following tables present the estimated fair value and gross unrealized losses of the Company's fixed maturity and equity securities in an unrealized loss position, aggregated by sector and by length of time that the securities have been in a continuous unrealized loss position. The unrealized loss amounts presented below include the noncredit component of OTTI loss. Fixed maturity securities on which a noncredit OTTI loss has been recognized in accumulated other comprehensive income (loss) are categorized by length of time as being less than 12 months or equal to or greater than 12 months in a continuous unrealized loss position based on the point in time that the estimated fair value initially declined to below the amortized cost basis and not the period of time since the unrealized loss was deemed a noncredit OTTI loss.

	Less than 12 Months		June 30, 2011 Equal to or Greater than 12 Months		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
	(In millions, except number of securities)					
Fixed Maturity Securities:						
U.S. corporate securities	\$ 15,021	\$ 289	\$ 6,662	\$ 835	\$ 21,683	\$ 1,124
Foreign corporate securities	17,137	592	1,953	265	19,090	857
Foreign government securities	21,463	539	153	11	21,616	550
RMBS	5,742	159	5,540	1,006	11,282	1,165
U.S. Treasury and agency securities	11,586	562	108	26	11,694	588
CMBS	1,606	32	926	138	2,532	170
ABS	2,212	22	2,723	533	4,935	555
State and political subdivision securities	2,684	96	1,000	232	3,684	328
Other fixed maturity securities	2				2	
Total fixed maturity securities	\$ 77,453	\$ 2,291	\$ 19,065	\$ 3,046	\$ 96,518	\$ 5,337
Equity Securities:						
Common stock	\$ 96	\$ 11	\$ 23	\$	\$ 119	\$ 11
Non-redeemable preferred stock	174	6	462	98	636	104
Total equity securities	\$ 270	\$ 17	\$ 485	\$ 98	\$ 755	\$ 115
Total number of securities in an unrealized loss position	4,834		1,351			

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

	Less than 12 Months		December 31, 2010 Equal to or Greater than 12 Months		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
	(In millions, except number of securities)					
Fixed Maturity Securities:						
U.S. corporate securities	\$ 22,954	\$ 447	\$ 8,319	\$ 1,155	\$ 31,273	\$ 1,602
Foreign corporate securities	22,415	410	3,976	515	26,391	925
Foreign government securities	26,659	585	189	17	26,848	602
RMBS	7,588	212	6,700	1,175	14,288	1,387
U.S. Treasury and agency securities	13,401	530	118	29	13,519	559
CMBS	3,787	29	1,363	249	5,150	278
ABS	2,713	42	3,026	667	5,739	709
State and political subdivision securities	5,061	246	988	272	6,049	518
Other fixed maturity securities	1				1	
Total fixed maturity securities	\$ 104,579	\$ 2,501	\$ 24,679	\$ 4,079	\$ 129,258	\$ 6,580
Equity Securities:						
Common stock	\$ 89	\$ 12	\$ 1	\$	\$ 90	\$ 12
Non-redeemable preferred stock	191	9	824	220	1,015	229
Total equity securities	\$ 280	\$ 21	\$ 825	\$ 220	\$ 1,105	\$ 241
Total number of securities in an unrealized loss position	5,609		1,704			

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)*****Aging of Gross Unrealized Losses and OTTI Losses for Fixed Maturity and Equity Securities Available-for-Sale***

The following tables present the cost or amortized cost, gross unrealized losses, including the portion of OTTI loss on fixed maturity securities recognized in accumulated other comprehensive income (loss), gross unrealized losses as a percentage of cost or amortized cost and number of securities for fixed maturity and equity securities where the estimated fair value had declined and remained below cost or amortized cost by less than 20%, or 20% or more at:

	June 30, 2011					
	Cost or Amortized Cost		Gross Unrealized Losses		Number of Securities	
	Less than 20%	20% or more	Less than 20%	20% or more	Less than 20%	20% or more
(In millions, except number of securities)						
Fixed Maturity Securities:						
Less than six months	\$ 26,453	\$ 2,874	\$ 367	\$ 825	1,963	167
Six months or greater but less than nine months	50,011	420	1,329	104	2,639	31
Nine months or greater but less than twelve months	1,985	186	130	64	260	12
Twelve months or greater	16,861	3,065	1,489	1,029	1,025	196
Total	\$ 95,310	\$ 6,545	\$ 3,315	\$ 2,022		
Percentage of amortized cost			3%	31%		
Equity Securities:						
Less than six months	\$ 132	\$ 8	\$ 6	\$ 4	74	16
Six months or greater but less than nine months	144	1	6		32	9
Nine months or greater but less than twelve months		1				4
Twelve months or greater	355	229	30	69	23	11
Total	\$ 631	\$ 239	\$ 42	\$ 73		
Percentage of cost			7%	31%		

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MetLife, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

			December 31, 2010			
	Cost or Amortized Cost		Gross Unrealized Losses		Number of Securities	
	Less than 20%	20% or more	Less than 20%	20% or more	Less than 20%	20% or more
	(In millions, except number of securities)					
Fixed Maturity Securities:						
Less than six months	\$ 105,301		\$ 1,403		&	